

# Auditing Procedures Report V1.04

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Issued under Public Act 2 of 1968, as amended.

Unit Name	Menominee Township	County	MENOMINEE	Type	TOWNSHIP	MuniCode	55-1-100
Opinion Date-Use Calendar	Jul 19, 2008	Audit Submitted-Use Calendar	Aug 21, 2008	Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="text" value="\$549,861"/>
General Fund Expenditure:	<input type="text" value="\$713,943"/>
Major Fund Deficit Amount:	<input type="text" value="\$ 0.00"/>

General Fund Balance:	<input type="text" value="\$1,830,245"/>
Governmental Activities Long-Term Debt (see instructions):	<input type="text" value="-0-"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Mike	Last Name	Konecny	Ten Digit License Number	1101020511		
CPA Street Address	2200 Riverside Drive PO Box 5	City	Green Bay	State	WI	Zip Code	54305
CPA Firm Name	Schenck SC	Unit's Street Address	2200 Riverside Dr. PO Box 5	City	Green Bay	LU Zip	54305

**MENOMINEE TOWNSHIP**  
**MENOMINEE COUNTY, MICHIGAN**  
**ANNUAL FINANCIAL REPORT**  
**MARCH 31, 2008**

**MENOMINEE TOWNSHIP  
MENOMINEE COUNTY, MICHIGAN  
March 31, 2008**

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## INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS

To the Menominee Township Board  
Menominee County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Menominee Township, Menominee County, Michigan ("the Township") as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Menominee Township, Menominee County, Michigan's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of March 31, 2008, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund and Cemetery special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Township has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The financial information listed in the table of contents as supplemental information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Schenck SC*

Certified Public Accountants  
Green Bay, Wisconsin  
July 19, 2008

## **BASIC FINANCIAL STATEMENTS**

**MENOMINEE TOWNSHIP  
MENOMINEE COUNTY, MICHIGAN  
Statement of Net Assets  
March 31, 2008**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 1,843,269
Receivables	
Accounts	17,871
Restricted assets	
Cash and investments	87,708
Capital assets, nondepreciable	
Land	1,602
Capital assets, depreciable	
Land improvements	5,874
Buildings and improvements	196,054
Machinery and equipment	51,761
Less: Accumulated depreciation	<u>(164,131)</u>
<b>TOTAL ASSETS</b>	<u><b>2,040,008</b></u>
<b>LIABILITIES</b>	
Accounts payable	<u>4,088</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	91,160
Restricted for	
Cemetery perpetual care	87,708
Unrestricted	<u>1,857,052</u>
<b>TOTAL NET ASSETS</b>	<u><u><b>\$ 2,035,920</b></u></u>

The notes to the basic financial statements are an integral part of this statement.

**MENOMINEE TOWNSHIP**  
**MENOMINEE COUNTY, MICHIGAN**  
Statement of Activities  
For the Year Ended March 31, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General government	\$ 226,094	\$ 2,225	\$ 100	\$ -	\$ (223,769)
Public safety	346,411	-	-	-	(346,411)
Public works	112,669	-	-	-	(112,669)
Health and human services	27,304	12,000	-	-	(15,304)
Culture and recreation	22,143	-	-	-	(22,143)
Total Governmental Activities	734,621	14,225	100	-	(720,296)

**General revenues**

**Taxes**

Property taxes, levied for general purposes	1,540
Other taxes and franchise fees	8,185
Federal and state grants and other contributions not restricted to specific functions	278,487
Landfill impact fees	136,323
Interest and investment earnings	121,725
Miscellaneous	8,517
Total general revenues	<u>554,777</u>

Change in net assets (165,519)

Net assets - April 1 2,201,439

Net assets - March 31 \$ 2,035,920

The notes to the basic financial statements are an integral part of this statement.

**MENOMINEE TOWNSHIP**  
**MENOMINEE COUNTY, MICHIGAN**  
 Balance Sheet  
 Governmental Funds  
 March 31, 2008

	General Fund	Cemetery Fund	(Non-Major Fund) Cemetery Perpetual Care	Total
<b>ASSETS</b>				
Cash and investments	\$ 1,832,394	\$ 10,875	\$ -	\$ 1,843,269
Receivables				
Accounts	17,871	-	-	17,871
Due from other funds	-	16,022	-	16,022
Restricted cash and investments	-	-	87,708	87,708
<b>TOTAL ASSETS</b>	<b>\$ 1,850,265</b>	<b>\$ 26,897</b>	<b>\$ 87,708</b>	<b>\$ 1,964,870</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 3,998	\$ 90	\$ -	\$ 4,088
Due to other funds	16,022	-	-	16,022
Total Liabilities	20,020	90	-	20,110
Fund Balances				
Reserved for				
Cemetery perpetual care	-	-	87,708	87,708
Unreserved				
Designated for				
Subsequent year's expenditures	-	26,807	-	26,807
Subsequent year's budget	417,949	-	-	417,949
Undesignated, reported in				
General fund	1,412,296	-	-	1,412,296
Total Fund Balances	1,830,245	26,807	87,708	1,944,760
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,850,265</b>	<b>\$ 26,897</b>	<b>\$ 87,708</b>	<b>\$ 1,964,870</b>

Reconciliation to the Statement of Net Assets

Total Fund Balances as shown above	\$ 1,944,760
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds	<u>91,160</u>
Net Assets of Governmental Activities as Reported on the Statement of Net Assets (see page 3)	<u>\$ 2,035,920</u>

The notes to the basic financial statements are an integral part of this statement.

**MENOMINEE TOWNSHIP**  
**MENOMINEE COUNTY, MICHIGAN**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended March 31, 2008

	General Fund	Cemetery Fund	(Non-Major Fund) Cemetery Perpetual Care	Total
<b>Revenues</b>				
Taxes	\$ 1,540	\$ -	\$ -	\$ 1,540
Intergovernmental	278,487	-	-	278,487
Licenses and permits	144,633	-	-	144,633
Public charges for services	2,100	5,000	7,000	14,100
Miscellaneous	123,101	4,534	2,707	130,342
<b>Total Revenues</b>	<b>549,861</b>	<b>9,534</b>	<b>9,707</b>	<b>569,102</b>
<b>Expenditures</b>				
Current				
General government	222,547	-	-	222,547
Public safety	346,411	-	-	346,411
Public works	112,669	-	-	112,669
Health and human services	-	25,410	-	25,410
Culture and recreation	32,316	-	-	32,316
Capital outlay	-	460	-	460
<b>Total Expenditures</b>	<b>713,943</b>	<b>25,870</b>	<b>-</b>	<b>739,813</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(164,082)</b>	<b>(16,336)</b>	<b>9,707</b>	<b>(170,711)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	26,000	-	26,000
Transfers out	(26,000)	-	-	(26,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(26,000)</b>	<b>26,000</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(190,082)</b>	<b>9,664</b>	<b>9,707</b>	<b>(170,711)</b>
<b>Fund Balances - April 1</b>	<b>2,020,327</b>	<b>17,143</b>	<b>78,001</b>	<b>2,115,471</b>
<b>Fund Balances - March 31</b>	<b>\$ 1,830,245</b>	<b>\$ 26,807</b>	<b>\$ 87,708</b>	<b>\$ 1,944,760</b>

**Reconciliation to the Statement of Activities**

**Net Change in Fund Balances as shown above** **\$ (170,711)**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets reported as expenditures in governmental fund statements	\$ 11,500
Depreciation expense reported in the statement of activities	<u>(6,308)</u>
Amount by which capital outlays are greater than depreciation in current period	<u>5,192</u>

<b>Change in Net Assets of Governmental Activities as Reported in the Statement of Activities (see page 4)</b>	<b><u>\$ (165,519)</u></b>
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The notes to the basic financial statements are an integral part of this statement.

**MENOMINEE TOWNSHIP**  
**MENOMINEE COUNTY, MICHIGAN**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
General Fund  
Year Ended March 31, 2008

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 1,540	\$ 1,540
Intergovernmental	277,007	277,007	278,487	1,480
Licenses and permits	161,000	161,000	144,633	(16,367)
Public charges for services	2,000	2,000	2,100	100
Miscellaneous	67,000	67,000	123,101	56,101
Total Revenues	507,007	507,007	549,861	42,854
<b>Expenditures</b>				
Current				
General government	243,757	254,187	222,547	31,640
Public safety	460,000	460,000	346,411	113,589
Public works	184,750	159,720	112,669	47,051
Culture and recreation	33,500	36,100	32,316	3,784
Total Expenditures	922,007	910,007	713,943	196,064
Excess of Revenues Over (Under) Expenditures	(415,000)	(403,000)	(164,082)	238,918
Other Financing Uses				
Transfers out	(20,000)	(20,000)	(26,000)	(6,000)
Net Change in Fund Balance	(435,000)	(423,000)	(190,082)	232,918
Fund Balance - April 1	2,020,327	2,020,327	2,020,327	-
Fund Balance - March 31	\$ 1,585,327	\$ 1,597,327	\$ 1,830,245	\$ 232,918

**MENOMINEE TOWNSHIP**  
**MENOMINEE COUNTY, MICHIGAN**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Cemetery Fund  
Year Ended March 31, 2008

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Public charges for services	\$ 4,800	\$ 4,800	\$ 5,000	\$ 200
Miscellaneous	1,621	1,621	4,534	2,913
Total Revenues	6,421	6,421	9,534	3,113
Expenditures				
Current				
Health and human services	23,325	30,772	25,410	5,362
Capital outlay	800	800	460	340
Total Expenditures	24,125	31,572	25,870	5,702
Excess of Revenues Over (Under) Expenditures	(17,704)	(25,151)	(16,336)	8,815
Other Financing Sources				
Transfers in	20,000	20,000	26,000	6,000
Net Change in Fund Balance	2,296	(5,151)	9,664	14,815
Fund Balance - April 1	17,143	17,143	17,143	-
Fund Balance - March 31	\$ 19,439	\$ 11,992	\$ 26,807	\$ 14,815

**MENOMINEE TOWNSHIP**  
**MENOMINEE COUNTY, MICHIGAN**  
Statement of Net Assets  
Agency Fund  
March 31, 2008

	Tax Collection
<b>ASSETS</b>	
Cash and cash equivalents	\$       110
Accounts receivable	
Taxes receivable	<u>9,137</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$       9,247</u></u>
 <b>LIABILITIES</b>	
Due to other governments	<u>\$       9,247</u>
 <b>TOTAL LIABILITIES</b>	 <u><u>\$       9,247</u></u>

The notes to the basic financial statements are an integral part of this statement.

**MENOMINEE TOWNSHIP**  
**MENOMINEE COUNTY, MICHIGAN**  
Notes to Basic Financial Statements  
March 31, 2008

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of Menominee Township, Menominee County, Michigan ("the Township"), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Township are described below:

**1. Reporting Entity**

Menominee Township is a municipal corporation governed by an elected five member board. In accordance with GAAP, the basic financial statements are required to include the Township (the primary government) and any separate component units that have a significant operational or financial relationship with the Township. The Township has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement Nos. 14 and 39.

**2. Joint Ventures**

The Township is a participant with Ingallston Township, Menominee County, Michigan in a joint venture to operate a landfill transfer station. The Menominee and Ingallston Township Transfer Station Board was created for that purpose. The Menominee and Ingallston Transfer Station is governed by a ten-member board composed of members from both Township Boards. The Townships are obligated by agreement to provide operating appropriations allocated 70% by Menominee Township and 30% by Ingallston Township. During 2007/2008 Menominee Township remitted an operating appropriation of \$980 to the Menominee-Ingallston Transfer Station. Complete financial statements for the Menominee and Ingallston Transfer Station can be obtained from the Menominee Township Clerk's office at the Menominee Township Hall.

The Township is also a participant with Ingallston Township, Menominee County, Michigan, in a joint venture to operate the Menominee-Ingallston Township Fire Department. The Menominee-Ingallston Fire Department Board was created for that purpose. The Menominee-Ingallston Fire Department is governed by a ten-member board composed of members from both Township Boards. The Townships are obligated to by agreement to provide operating appropriations allocated 70% by Menominee Township and 30% by Ingallston Township. During 2007/2008, Menominee Township remitted an operating appropriation of \$63,000 and \$283,411 for capital to the Menominee-Ingallston Fire Department. Complete financial statements for the Menominee-Ingallston Fire Department can be obtained from the Menominee Township Clerk's office at the Menominee Township Hall.

**3. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. The Township has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**MENOMINEE TOWNSHIP**  
**MENOMINEE COUNTY, MICHIGAN**  
Notes to Basic Financial Statements  
March 31, 2008

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include general and special revenue funds. The Township has no proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

**GENERAL FUND**

This is the Township's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

**CEMETERY FUND**

This fund accounts for the operating resources and expenditures of the Township's cemetery.

Additionally, the government reports the following fund type:

The Township accounts for property taxes collected on behalf of other governments in an *agency fund*.

**4. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Certain private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources, as they are needed.

**MENOMINEE TOWNSHIP  
MENOMINEE COUNTY, MICHIGAN  
Notes to Basic Financial Statements  
March 31, 2008**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Assets, Liabilities and Net Assets or Equity**

**a. Cash and Investments**

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**b. Accounts Receivable**

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

**c. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet.

**d. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. The Township owns no infrastructure assets. Capital assets are defined by the Township as assets with an initial, individual cost of \$100 or higher and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant, and equipment of the Township are depreciated using the straight-line method over the following estimated useful lives:

	<b>Governmental Activities Years</b>
<u>Assets</u>	
Land improvements	10 - 20
Buildings and improvements	10 - 40
Machinery and equipment	3 - 10

**MENOMINEE TOWNSHIP  
MENOMINEE COUNTY, MICHIGAN  
Notes to Basic Financial Statements  
March 31, 2008**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e. Fund Equity**

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**GOVERNMENT-WIDE STATEMENTS**

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt - Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets - Amount of net assets that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets - Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

**6. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**MENOMINEE TOWNSHIP**  
**MENOMINEE COUNTY, MICHIGAN**  
Notes to Basic Financial Statements  
March 31, 2008

**NOTE B - STEWARDSHIP AND COMPLIANCE**

Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. During March, the Township proposes an operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Township Board action.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general and special revenue funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- c. During the year, formal budgetary integration is employed as a management control device for the general and special revenue funds.
- d. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Township. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Township Board.
- e. Encumbrance accounting is not used by the Township to record commitments related to unperformed contracts for goods or services.

The Township did not have any material violation of legal or contractual provisions for the fiscal year ended March 31, 2008.

**MENOMINEE TOWNSHIP**  
**MENOMINEE COUNTY, MICHIGAN**  
Notes to Basic Financial Statements  
March 31, 2008

**NOTE C - DETAILED NOTES ON ALL FUNDS**

**1. Cash and Investments**

The Township maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township's deposits are in accordance with statutory authority.

The carrying amount of the Township's cash and investments totaled \$1,931,087 on March 31, 2008 as summarized below:

Deposits with financial institutions	\$ 1,011,240
Investments	<u>919,847</u>
	<u>\$ 1,931,087</u>

Reconciliation to the basic financial statements:

Basic financial statements	
Cash and investments	\$ 1,836,011
Restricted cash and investments	94,966
Fiduciary fund	
Agency fund	<u>110</u>
	<u>\$ 1,931,087</u>

Deposits and investments of the Township are subject to various risks. Presented below is a discussion of the specific risks and the Township's policy related to the risk.

**MENOMINEE TOWNSHIP**  
**MENOMINEE COUNTY, MICHIGAN**  
Notes to Basic Financial Statements  
March 31, 2008

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$100,000 for interest bearing accounts and \$100,000 for non-interest bearing accounts.

As of March 31, 2008, \$219,722 of the Township's deposits with financial institutions were in excess of federal depository insurance limits and uncollateralized.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of year end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Federal agency securities	\$ 877,693	\$ -	\$ 877,693	\$ -	\$ -
Money market	42,154	42,154	-	-	-
<b>Totals</b>	<b>\$ 919,847</b>	<b>\$ 42,154</b>	<b>\$ 877,693</b>	<b>\$ -</b>	<b>\$ -</b>

**Concentration of Credit Risk**

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Township investments are as follows:

Issuer	Investment Type	Reported Amount	Percent of Total Investments
Federal Farm Credit Banks	U.S. Instrumentality	\$ 80,047	8.7%
Federal Home Loan Banks	U.S. Instrumentality	156,196	17.0%
Federal Home Loan Mortgage Corporation	U.S. Instrumentality	271,047	29.5%
Federal National Mortgage Association	U.S. Instrumentality	360,398	39.2%

**MENOMINEE TOWNSHIP**  
**MENOMINEE COUNTY, MICHIGAN**  
Notes to Basic Financial Statements  
March 31, 2008

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Township's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Township's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Federal agency securities	\$ 877,693	\$ -	\$ -	\$ 192,455	\$ 685,238
Money market	42,154	42,154	-	-	-
<b>Totals</b>	<b>\$ 919,847</b>	<b>\$ 42,154</b>	<b>\$ -</b>	<b>\$ 192,455</b>	<b>\$ 685,238</b>

**Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations**

The Township's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

Highly Sensitive Investments	Fair Value at Year End
Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	<u>\$867,688</u>

**MENOMINEE TOWNSHIP**  
**MENOMINEE COUNTY, MICHIGAN**  
Notes to Basic Financial Statements  
March 31, 2008

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

2. Restricted Assets

Restricted assets on March 31, 2008 totaled \$87,708 and consisted of cash and investments held for the following purpose:

Permanent Fund	
Cemetery perpetual care	<u>\$87,708</u>

3. Capital Assets

Capital asset activity for the year ended March 31, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,602	\$ -	\$ -	\$ 1,602
Capital assets, being depreciated:				
Land improvements	5,874	-	-	5,874
Buildings and improvements	188,222	7,832	-	196,054
Machinery and equipment	48,093	3,668	-	51,761
Subtotals	242,189	11,500	-	253,689
Less accumulated depreciation for:				
Land improvements	633	488	-	1,121
Buildings and improvements	123,260	2,663	-	125,923
Machinery and equipment	33,930	3,157	-	37,087
Subtotals	157,823	6,308	-	164,131
Total capital assets, being depreciated, net	84,366	5,192	-	89,558
Governmental activities capital assets, net	<u>\$ 85,968</u>	<u>\$ 5,192</u>	<u>\$ -</u>	91,160
Less related long-term debt outstanding				-
Invested in capital assets, net of related debt				<u>\$ 91,160</u>

Depreciation expense was charged to functions of the Township as follows:

Governmental activities	
General government	\$ 3,547
Culture and recreation	1,434
Health and human services	1,327
Total depreciation expense - governmental activities	<u>\$ 6,308</u>

**MENOMINEE TOWNSHIP**  
**MENOMINEE COUNTY, MICHIGAN**  
Notes to Basic Financial Statements  
March 31, 2008

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

4. Interfund Receivable, Payables, and Transfers

Interfund transfers for the year ended March 31, 2008 were as follows:

Transfers from:	Transfer to:
	Cemetery Fund
General Fund	\$ 26,000

Transfer to cemetery fund was to finance operating activity of the Township's cemetery.

**NOTE D - OTHER INFORMATION**

1. Retirement Plan

The Township has a defined contribution pension plan covering only the Township board members. The Township's pension contribution for the year ended March 31, 2008 was \$16,562. There are no unfunded liabilities. The Township's contributions are based upon the prior year compensation for each board member.

2. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Township completes an annual review of its insurance coverage to ensure adequate coverage.

3. Contingencies

From time to time, the Township is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Township's financial position or results of operations.

## **SUPPLEMENTAL INFORMATION**

**MENOMINEE TOWNSHIP**  
**MENOMINEE COUNTY, MICHIGAN**  
General Fund  
Detailed Comparison of Budgeted and Actual Revenues  
Year Ended March 31, 2008

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>Taxes</b>				
Property taxes for Township purposes	\$ -	\$ -	\$ 30	\$ 30
Delinquent property taxes	-	-	1,510	1,510
Total Taxes	-	-	1,540	1,540
<b>Intergovernmental</b>				
State shared taxes	270,000	270,000	271,005	1,005
Summer tax state revenue	7,000	7,000	7,475	475
CFR and swamp	7	7	7	-
Total Intergovernmental	277,007	277,007	278,487	1,480
<b>Licenses and Permits</b>				
Licenses and permits	200	200	125	(75)
Landfill impact fees	153,000	153,000	136,323	(16,677)
Cable television	7,800	7,800	8,185	385
Total Licenses and Permits	161,000	161,000	144,633	(16,367)
<b>Public Charges for Services</b>				
Rent - Town hall	2,000	2,000	2,100	100
<b>Miscellaneous</b>				
Interest on investments	60,000	60,000	91,482	31,482
Change in fair value of investments	-	-	23,002	23,002
Other	7,000	7,000	8,617	1,617
Total Miscellaneous	67,000	67,000	123,101	56,101
<b>Total Revenues</b>	<b>\$ 507,007</b>	<b>\$ 507,007</b>	<b>\$ 549,861</b>	<b>\$ 42,854</b>

**MENOMINEE TOWNSHIP**  
**MENOMINEE COUNTY, MICHIGAN**  
General Fund  
Detailed Comparison of Budgeted and Actual Expenditures  
Year Ended March 31, 2008

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
General Government				
Township board	\$ 45,200	\$ 44,875	\$ 37,787	\$ 7,088
Supervisor	20,800	20,800	19,010	1,790
Elections	10,400	10,400	7,397	3,003
Assessor	33,200	33,645	33,410	235
Clerk	27,370	29,407	27,219	2,188
Board of review	3,900	3,900	2,163	1,737
Treasurer	30,020	32,563	30,677	1,886
Legal and audit	8,200	15,725	15,351	374
Township hall and grounds	27,200	26,254	20,552	5,702
Property and liability insurance	12,000	12,000	11,084	916
Pension and benefits	17,700	19,045	17,897	1,148
Contingency	7,767	5,573	-	5,573
Total General Government	243,757	254,187	222,547	31,640
Public Safety				
Fire protection	460,000	460,000	346,411	113,589
Public Works				
Street lighting	5,000	5,000	4,447	553
Street traffic lights	500	500	340	160
Street signs	1,000	1,000	747	253
Street maintenance	177,250	152,220	106,155	46,065
Transfer station	1,000	1,000	980	20
Total Public Works	184,750	159,720	112,669	47,051
Culture and Recreation				
Recreation	33,500	36,100	32,316	3,784
Total Expenditures	\$ 922,007	\$ 910,007	\$ 713,943	\$ 196,064

**MENOMINEE TOWNSHIP**  
**MENOMINEE COUNTY, MICHIGAN**  
Statement of Changes in Assets and Liabilities  
Agency Funds  
March 31, 2008

	Balance April 1, 2007	Additions	Deductions	Balance March 31, 2008
Tax collection				
Assets				
Cash and investments	\$ 131	\$ 2,276,082	\$ 2,276,103	\$ 110
Receivables				
Taxes	6,901	9,137	6,901	9,137
Total assets	<u>\$ 7,032</u>	<u>\$ 2,285,219</u>	<u>\$ 2,283,004</u>	<u>\$ 9,247</u>
Liabilities				
Due to other governments	<u>\$ 7,032</u>	<u>\$ 2,285,219</u>	<u>\$ 2,283,004</u>	<u>\$ 9,247</u>

**MEMORANDUM OF ADVISORY COMMENTS**

**MENOMINEE TOWNSHIP  
MENOMINEE COUNTY, MICHIGAN**

**MARCH 31, 2008**

To the Menominee Township Board  
Menominee County, Michigan

We have completed our audit of the basic financial statements of Menominee Township for the year ended March 31, 2008. The Township's financial statements, including our report thereon, are presented in a separate audit report document. Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, noncompliance with the provisions of laws, regulations, contracts and grants or other illegal acts may exist and not be detected by us.

Professional standards require us to consider the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Township's financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. As part of our audit, we have not performed procedures specifically to identify deficiencies in internal control or to express an opinion on the effectiveness of your internal control.

Audit standards were changed in 2006 by the American Institute of Certified Public Accountants (AICPA) to lower the definition of control deficiencies that we must communicate to management and the Township Board as part of our audit. In addition, the revised standard clarifies that the significance of a control deficiency is dependent on the *potential* for misstatement, not whether a misstatement actually occurred. As a result, the number of control deficiencies reported by auditors significantly increased.

Statement of Auditing Standards No. 112, *Communicating Internal Control Related Matters Identified in an Audit*, requires us to:

- a. Evaluate identified control deficiencies and determine whether these deficiencies, individually or in combination, are significant deficiencies or material weaknesses.
- b. Communicate in writing to management and the Township Board control deficiencies that are considered significant deficiencies or material weaknesses, including those identified in previous audits that have not yet been corrected.

**Responsibility of Management and the Auditor**

The Township is responsible for establishing, maintaining and monitoring internal controls, and for the fair presentation of the Township financial statements, including notes, in conformity with accounting principles generally accepted in the United States of America. An effective internal control system includes anti-fraud controls, controls to ensure accurate and timely financial reporting and to ensure safeguarding of the Township's assets.

Management is responsible for making decisions concerning costs to be incurred to provide internal control and related benefits of these controls. We are responsible for communicating significant deficiencies and material weaknesses in accordance with professional standards, regardless of management's decisions.

We understand that not all control deficiencies can be corrected by the Township without incurring significant additional costs. The Township may already know of the existence of significant deficiencies or material weaknesses and may have made a conscious decision to accept that degree of risk because of cost or other considerations. For example, the Township annually contracts with us to make various routine adjusting and closing entries and prepare your financial statements in conformity with generally accepted accounting principles. Auditing standards indicate that we cannot be considered part of your internal controls.

Summary of Internal Control Communications

Included in this document is the following auditors' report required by government auditing standards.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

The above report states that nothing came to our attention to indicate that the Township was not in compliance with laws, regulations, contracts and grants for which noncompliance with could have a material effect on the Township's financial statements. The above report also discloses the following control deficiency:

**Finding 2007-1: Year End Closing and Financial Reporting**

It is important to realize that the control deficiency reported during our current year audit may have existed in prior years; however, prior auditing standards did not require us to communicate this control deficiency to you.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, Township Board, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Certified Public Accountants  
Green Bay, Wisconsin  
July 19, 2008

**MENOMINEE TOWNSHIP**  
**Menominee County, Michigan**  
**March 31, 2008**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Menominee Township Board  
Menominee County, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Menominee Township, as of and for the year ended March 31, 2008, which collectively comprise Menominee Township's basic financial statements and have issued our report thereon dated July 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Menominee Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of Menominee Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Menominee Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, the significant deficiency described in the accompanying schedule of findings and responses is not considered to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Menominee Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Menominee Township's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Menominee Township's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Township Board, and is not intended to be and should not be used by anyone other than these specified parties.

*Scheuch SC*

Certified Public Accountants  
Green Bay, Wisconsin  
July 19, 2008

**MENOMINEE TOWNSHIP**  
Menominee County, Michigan  
Schedule of Findings and Responses  
For the Year Ended March 31, 2008

**Section I - Internal Control Over Financial Reporting**

**Finding 2008-1: Year End Closing and Financial Reporting**

Finding No.	Control Deficiencies
-------------	----------------------

**2008-01                      Year End Closing and Financial Reporting**

**Condition:** While the current staff of the Township maintain financial records which report revenues and expenditures throughout the year, preparing year end adjusting, closing and GASB 34 conversion entries necessary to prepare financial statements, including related notes and state financial reports require additional expertise that would entail additional training and staff time to develop. The Township contracts with Schenck and their knowledge of current accounting principles and regulatory requirements to prepare required journal entries and financial reports for the Township in an efficient manner.

**Criteria:** The review of financial statements by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential misstatement in the financial statements or notes.

**Cause:** The additional costs associated with hiring staff experienced in preparing year end adjusting, closing, and GASB 34 conversion entries and financial reports, including additional training time outweigh the derived benefits.

**Recommendation:** We recommend the Township continue reviewing the adjusting, closing and GASB 34 conversion entries along with the financial reports prepared by Schenck. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the Township is necessary to obtain an adequate understanding of the Township's financial report.

**Management Response:** Management believes that the cost of hiring additional staff to prepare year end adjusting and closing entries and to prepare financial reports outweighs the benefits to be received.

## SUMMARY FINANCIAL INFORMATION

### Governmental Fund Balances

Presented below is a summary of the Township's fund balances on March 31, 2008, including a comparison to the prior year. This information is provided to assist the Township Board in assessing financial results for 2007/2008 and to indicate financial resources available at the start of the 2008/2009 budget year.

	3/31/08	3/31/07
General Fund		
Designated for subsequent years' budget	\$ 417,949	\$ 124,859
Undesignated	1,412,296	1,895,468
Total General Fund	1,830,245	2,020,327
Special Revenue Fund		
Cemetery operations	26,807	17,143
Permanent Fund		
Cemetery perpetual care	87,708	78,001
Total Fund Balances	\$ 1,944,760	\$ 2,115,471

We encourage local governments to maintain a general fund undesignated fund balance to meet operating cash flows. The above undesignated amount of \$1,412,296 at March 31, 2008 represents, in our opinion, more than an adequate fund balance based upon 2007/2008 expenditures.

The General Fund decreased by \$190,082 for fiscal year ended March 31, 2008. The designated for subsequent years' budget increased by \$293,090 for road construction project thus, decreasing the Town's undesignated fund balance by \$483,172. Given this unique situation of having a large fund balance in relation to annual expenditures we continue to recommend the Township consider the following:

We recommend the Town begin working on developing a 5-10 year capital projects plan by identifying possible areas for capital expenditures.

## **OTHER REQUIRED COMMUNICATION**

In accordance with the requirements of government auditing standards generally accepted in the United States of America, the following disclosures are presented:

### **1. Significant Accounting Policies**

The significant accounting policies used in the preparation of the financial statements are disclosed in Note A to the basic financial statements. There have been no material unusual transactions or controversial accounting issues.

### **2. Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. We are not aware of any particularly sensitive accounting estimates used by management in the preparation of the financial statements.

### **3. Significant Audit Adjustments**

The financial statements reflect all accounting adjustments proposed during our audit. None of the adjustments were considered significant to the financial condition or operating results of the Township. Copies of the audit adjustments are available from management.

### **4. Other Information in Documents Containing Audited Financial Statements**

All the information included in the basic financial statements has been audited. Our responsibilities are addressed in the Independent Auditors' Report.

### **5. Disagreements with Management**

We have had no material disagreements with management. For the purposes of this disclosure, professional accounting standards define a disagreement with management as a matter concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report.

### **6. Consultations with Other Auditors**

To the best of our knowledge, management has not consulted with or obtained opinions from other independent auditors on auditing and accounting matters during the past year.

### **7. Issues Discussed Prior to the Current Audit**

We have discussed various accounting and financial issues, including the application of any new and changed accounting principles or auditing standards, with management prior to conducting the audit. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to completing the services as your auditor.

### **8. Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing the audit.